

The 299th meeting of the Rhode Island Student Loan Authority was held on Friday, November 9, 2012 in the McKenna Conference Room, 1st Floor, 560 Jefferson Boulevard, Warwick, Rhode Island.

Members in attendance:

Dr. Anthony Santoro
Dr. William Croasdale
Mr. John Howell
Mr. Chris Feisthamel, Designee of the General Treasurer

Members Absent;

Ms. Patti Doyle

Others in attendance:

Mr. Charles Kelley
Mr. Noel Simpson
Ms. Jennifer Dutch
Mr. Kevan McAleer
Mrs. Jane Creta

The meeting was called to order by Dr. Santoro at 2:05 p.m.

Upon a motion made by Dr. Croasdale and seconded by Mr. Feisthamel it was unanimously

VOTED to approve the minutes from the Board of Directors Finance Subcommittee meeting held on September 21, 2012.

Upon a motion made by Dr. Croasdale and seconded by Mr. Howell it was unanimously

VOTED to approve the minutes from the Board of Directors meeting held on September 28, 2012.

Chairman's Report

There was no Chairman's report.

Action Item #8 – Bond Resolution

Mr. Kelley discussed the details of the new bonds issue which would be used to fund the 2013/2014 RIFEL program. The new bond issue would be not in excess of \$65,000,000 and have \$30 million in new money and refunding an existing series.

After a discussion by the Board a motion was made by Dr. Croasdale and seconded by Mr. Feisthamel, it was unanimously

VOTED to adopt a Resolution Authorizing a Bond Issue not to exceed \$65 million.

Action Item #9 – Direct Loan Servicing Contract

Mr. Kelley reviewed with the board the details of the RFP selection process. He discussed that RISLA received bids from seven qualified organizations that offered a variety of models that met RISLA's needs and also satisfied those of the US Department of Education.

Mr. Kelley made the Board aware that the servicing of federal loans is a difficult and expensive undertaking and the Board shall be prepared to receive numerous complaints from borrowers. The servicing fees are also very low so it is very difficult to even cover your costs unless you have a large scale operation

Mr. Kelley recommended to the board that Aspire Resources, Inc. provide Direct Loan servicing software and that RISLA apply to become a subcontractor under Aspire's direct loan servicing contract. RISLA would be guaranteed 100,000 accounts over the term of the contract. Aspire presented two proposals. One would be to fully outsource and the other would give RISLA the flexibility to phase in a direct loan call center. Mr. Feisthamel asked if the 100,000 accounts would be RI loans. Mr. Kelley stated that the US Department of Education randomly assigns accounts. Mr. Feisthamel then asked how big the call center would be. Mr. Kelley stated that about 12-15 people could operate the call center. Mr. Feisthamel asked if his recommendation would be to go with option 2 of Aspire's proposal. Mr. Kelley explained to the board that he recommends the board choose the second option.

Upon a motion made by Mr. Feisthamel and seconded by Dr. Croasdale it was unanimously

VOTED to approve the staff's recommendation of engaging Aspire Resources, Inc. to provide Direct Loan Servicing software and that RISLA apply to become a subcontractor under Aspire's direct loan servicing contract.

Action Item #11 – Revised FY 2013 Budget

Mr. McAleer reviewed the revisions with the board which were due to the August and November bonds deals. In the future, Dr. Croasdale suggested having the finance subcommittee review the revisions first before presenting to the full board.

Upon a motion made by Dr. Croasdale and seconded by Mr. Howell it was unanimously

VOTED to approve the revised FY 2013 budget.

Discussion of Potential New Reward Programs

Mr. Kelley discussed the potential of giving \$1 million in rewards, such as interest forgiveness, in the next bond issue. Discussion ensued as to the type of rewards that would be most attractive for the state. Dr. Santoro suggested STEM rewards, or to the child of a police/fireman/soldier killed in the line of duty. Mr. Feisthamel suggested an income based, not profession based forgiveness program. Mr. Kelley said he thinks the program should help both the student and the state, similar to RISLA's nurse programs.

Upon a motion made by Mr. Howell and seconded by Mr. Feisthamel it was unanimously

VOTED to adjourn at 3:00 p.m.

John Howell
Secretary